

# The Federal Bonding Program!

**The Federal Bonding Program** provides fidelity bonding insurance, sometimes call dishonesty bonding, to individuals who are considered a high monetary risk for their employers. These individuals may have been denied commercial insurance due to:

- a record of arrest, conviction or imprisonment
- a dishonorable military discharge

## **What is a fidelity bond?**

Many employers carry insurance to protect themselves against employee dishonesty, theft, or embezzlement. However, insurance companies often refuse to cover high-risk employees, and many employers will not hire individuals who lack coverage. The Federal Bonding Program provides fidelity bonding at no cost to the employer or the employee.

## **Who is eligible?**

Bonding assistance may be provided to any individual who:

- is qualified for the employment for which he/she has applied
- is not commercially bondable
- has a firm offer of full-time work

Employers must offer adequate working conditions and wages and "reasonable" permanency of employment.

The following groups are routinely denied jobs due to their being not commercially bondable.

- Ex-Offenders (arrest record)
- Welfare Recipient (credit risk)
- Recovering substance abusers
- Disadvantaged Youth (lack work history)

## **How long is the coverage?**

The bond initially covers six months. If, after six months, a bond still remains a condition of employment, the insured becomes eligible for continued coverage through the contracted insurance company at commercial rates.

## **How much coverage is provided?**

A single bond provides \$5,000 worth of coverage. If additional coverage is needed, additional bonds can be issued in \$5,000 increments. So if

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\$20,000 worth of bonding is needed, four bonds of \$5,000 each could be issued.

### **How successful is the program?**

Since the program's inception in 1966, the default rate has remained constant at about two percent. Research indicates that those who received bonding assistance could not have obtained their jobs without it.

### **Are Welfare-to-Work and Workforce Investment Act customers eligible for the Federal Bonding Program?**

If the Welfare-to-Work/Workforce Investment Act customer meets the criteria for the Federal Bonding Program they are eligible. The bonds can be purchased with Welfare-to-Work/Workforce Investment Act funds. Such expenditures are program costs. Any Welfare-to Work/Workforce Investment Act grantee or subgrantee is eligible to purchase the bonds.

### **Who uses the Federal Bonding Program?**

- One-Stop Career Centers
- Welfare-to-Work Programs
- Offender Placement Centers
- State Labor Exchange offices
- WIA Service Deliverers

### **How do I get started?**

Any Welfare-to-Work/Workforce Investment Act provider who is a grantee through the State of Indiana or the U.S. Department of Labor can directly purchase these bonds by contacting Ron Rubbin with the Federal Bonding Program (see contact information below). The cost of the bonds vary depending on the number purchased (volume discounts). Bonds are purchased in packets of 25 bonds. The cost for the 25-bond packet is \$2,450. The more you buy the lower the cost per bond. Additional details on the process can be obtained by contacting Linda Hendricks (DWD – Admin – 317-233-4910) or William Miller (DWD – Admin – 317-233-4010). Videos describing the program and processes are available.

For additional details: <http://www.bonds4jobs.com/>

**Specials:**

Welfare-to-Work - As part of a promotional package with the U.S. Department of Labor, DWD has ten free bonds for use in conjunction with the Welfare-to-Work program. They will be distributed generally on a first come, first serve basis. DWD does reserve the right to limit the number of free bonds distributed to any WSA or specific grantee. Please remember that to request one of these bonds, your client must be enrolled in the Welfare-to-Work program, there must be a firm job offer contingent on bonding, and your client must meet all other requirements of the Federal Bonding Program. Contact – William Miller.

Department of Corrections – The Indiana Department of Corrections has purchased a block of bonds for distribution through the WorkOne system. In order to request one of these bonds, the Department of Corrections must have referred the recipient. These bonds are specifically for ex-offenders referred by Corrections. Contact – Linda Hendricks.

**Contact Information:**

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